Saskatchewan Hog Marketing Commission

ANNUAL REPORT '82

Annual Report of the Saskatchewan Hog Marketing Commission For the year 1982

Head Office
1402 Quebec Avenue
Saskatoon, Saskatchewan. S7K 1V5

Letters of Transmittal

Saskatoon, July 31, 1983

His Honour
F.W. Johnson
Lieutenant Governor
Province of Saskatchewan

Sir:

I have the honour to transmit herewith the Tenth Annual Report of the Saskatchewan Hog Marketing Commission for the fiscal year ended December 31, 1982.

I have the honour to be Sir.

Your obedient servant
Lorne H. Hepworth
Minister of Agriculture

Saskatoon, July 31, 1983

To The
Honourable Lorne H. Hepworth
Minister of Agriculture
Regina, Saskatchewan

Sir:

Presented herewith is the Tenth Annual Report of the Saskatchewan Hog Marketing Commission for the fiscal year ended December 31, 1982.

Respectfully submitted
Saskatchewan
Hog Marketing Commission
Garth Larson

Chairman's Comments

Producers will remember 1982 as a year of record prices following an unusually prolonged two and one half years of poor returns. The prolonged "down" period predictably reduced the number of Saskatchewan's active pork producers. In 1979, the year of the last production increase, 8,350 production units marketed hogs. In 1981 there were 7,081 and in 1982 the number had shrunk to 4,574.

The S.H.M.C. sold 775,000 hogs in 1979 compared to 590,000 in 1982. These dramatic production variations demonstrate that our industry is greatly influenced by the buoyancy of our grain based economy. This volatility has haunted our industry for years contributing to the feeling that raising hogs is a high risk enterprise. In the future, however, as more specialized operators come on stream with intensive, well managed operations, I anticipate this problem will diminish. The fact that three to four hundred producers produce half the hogs in Saskatchewan indicates the trend is already well established.

In 1982, we achieved a number of marketing records. In April we began our largest Japanese export contract to date which amounted to the equivalent of 22,770 hogs (2,161,830 pounds) valued at $3.8 million. We sold 53,294 live hogs to the U.S. in 1982, our largest total ever. Another 1982 success story was our Sow Custom Kill Program. We sold 3,538 sows (1,163,039 pounds), valued at $1.0 million, which were custom slaughtered at Moose Jaw Packers.

Nineteen eighty two also saw substantial improvement in hog our quality. As producers began to recognize the advantages of raising heavier hogs and the marketing problems created by light hogs, average carcass weight rose by 4.5 pounds. The average index rose from 101.7 in 1981 to 101.97 in 1982. The number of hogs indexing 102 or over rose 3 1/2 percent to 69.12. These quality factors indicate we have the genetic capability to increase carcass size to a more desirable level without sacrificing profitability.

Because much of our product is exported as either live hogs or pork meat, we must produce hogs to meet our customers' demands. Therefore, we encouraged production of heavier hogs and supplied these to valued customers in South Dakota, Iowa and the State of Washington. Also, our Japanese contract for frozen, trimmed primal cuts specified heavier hog carcasses. At year end we had begun the process which will result in adoption of a Western Canadian Hog Settlement Table more appropriate to a heavier hog market reality.

We were all saddened by the sudden passing of Mr. Paul Riviere on December 27, 1982. Mr. Riviere served on the S.H.M.C. Board of Directors from 1974 to 1979. Paul's confidence, contageous enthusiasm and his ability to "blue sky" (as he put it) about the future significantly affected the development of the Saskatchewan Hog Marketing Commission.

The summer of 1982 brought changes to the directorship of the S.H.M.C. with the resignations of Mr. Jim Willett and Mr. Don Mackay. We are grateful to these gentlemen for their contribution to the industry. At year end, the Minister of Agriculture had declined to appoint new members to the Board pending the outcome of a proposal to convert the Saskatchewan Hog Marketing Commission to a producer elected board.

We entered 1983 anticipating another reasonably profitable year. Positive indicators were lower feed grain prices, questionable U.S. production expansion plans because of grain reserve programs and tight agricultural credit. The biggest negative was a recession plagued world economy. An unknown is whether Danish pork would be allowed back into Japan.

In 1983 we expect a 10 to 40 percent production increase most of which should materialize in the fall. I look forward to this and other challenges in 1983. I also feel confident that in 1983, producers will have a greater opportunity to become involved in their industry through formation of the Saskatchewan Pork Producers Marketing Board.

Garth Larson
Chairman
Saskatchewan Hog Marketing
Commission.

Commission Personnel

BOARD OF DIRECTORS

Mr. Garth Larson, Semans, Vice-Chairman
Mr. Ken Jamieson, Battleford, Director
Mr. Lavern Voldeng, Naicam, Director

BOARD CHANGES

There were two resignations in 1982. Director Jim Willett resigned July 31, 1982 and Chairman Don Mackay resigned effective September 1, 1982. As of December 31, 1982, there were two vacancies on the Board of Directors.

Staff

Jim Morris	General Manager
Gordon Holmstrom	Office Manager/Accountant
Don Hrapchak	Sales Manager
Ron Belke	Assembly and Transportation Manager
Sharon McGillivray	Home Economist, Saskatchewan Pork Council
Jack McClung	Information Officer/Editor SHMC NEWS

The Commission employed fifteen full-time and four part-time staff as of December 31, 1982.

GRADING

On March 29, 1982, the Canadian hog grading system was changed to a one backfat measurement system. The modification was introduced, at the Federal Government's insistance, as an interim step before adoption of an electronic grading system which promises much greater accuracy and efficiency.

Background research into single measurement indicated some grading variation would occur but nothing like actual experience was predicted. A survey of 1,579 Saskatchewan producers who marketed hogs between January 1, 1982 and July 2, 1982, revealed that 9.8 percent experienced no change in average index, 34.5 percent experienced improved indexes and for 55.7 percent, average indexes dropped. The net result was a drop in the provincial average of six tenths of an index point. Ontario, however, experienced an increase in average grades.

Because the drop in grades for some individuals was quite pronounced, the S.H.M.C. feared some producers might prematurely consider basing management decisions on the first three months experience even though precise reasons for the grading declines were not known. It appeared the system, not the producer, was to blame.

For this reason the S.H.M.C. introduced a resolution at the Canadian Pork Council Semi-Annual Meeting in July, 1982, that single measurement be immediately discontinued. It was narrowly defeated as was a second resolution introduced at the annual meeting in De-

COMPARISON OF AVERAGE INDEXES BEFORE AND AFTER MARCH 29, 1982

	Average Index Points			
	0.1-0.9	1.0-1.9	2.0-2.9	3.0 & over
Number of Producers Who Gained	222	140	69	114
Hogs Marketed	45,951	19,387	7,185	8,328
Number of Producers Who Lost	336	252	114	177
Hogs Marketed	86,584	72,300	22,298	14,178
Number of Producers With No Change	155			
Hogs Marketed	15,846			
Hogs Processed Before March 29, 1982				140,143
Hogs Processed After March 29, 1982				151,914
Overall Average Index Before March 29, 1982				102.3
Overall Average Index After March 29, 1982				101.7

Source: Saskatchewan Hog Marketing Commission.

cember.

Subsequent investigations, however, confirmed that hogs differ in the rate of backfat deposition by location.

Hog grades improved later in 1982 and single versus double measurement became less of an issue.

INDUSTRY INVOLVEMENT

The S.H.M.C. was actively involved "beyond the farm gate" in 1982. The Commission hosted the Canadian Pork Council Annual Meeting in Regina in December and was active on the Council's Stabilization and Electronic Grading Committees. S.H.M.C. Director, Lavern Voldeng, was elected Second Vice President at the Annual Meeting.

In addition, the Commission continued its membership in the Saskatchewan Federation of Agriculture and holds a Directorship in that organization and assisted the newly strengthened B.C. Hog Marketing Commission in developing a sales system.

WESTERN SETTLEMENT TABLE

Progress continued in 1982 in reducing production of light hogs and increasing production of heavier hogs. Market place reality is that the West is a surplus producing region which relies on export markets such as the United States and Japan. But, opportunities are limited because supplies of heavier hogs, which these customers prefer, are limited. When both an awareness campaign and a voluntary "super hog" program were exhausted the conclusion was that Western producers are reluctant to raise greater numbers of hogs to heavier weights because of abrupt discounts in the current settlement table.

The problem is unique not just to Saskatchewan, but to all of Western Canada. Therefore, a proposed Western settlement table was developed to discourage light hogs and encourage heavier hogs. This was accomplished by discounting hogs under 160 pounds, expanding the core area of the table (where hogs grade best) from two to three weight classes (from 160 to 189 pounds, dressed), and by applying more gradual discounts to weight classes over 190 pounds.

The table was presented to the Canadian Pork Council Annual meeting in December and it will be evaluated by the meat packing industry and the Western hog marketing agencies with a view for adoption in 1983.

1982 REGIONAL REVIEWS

Approximately 450 producers attended the fifteen S.H.M.C. annual February round of regional meetings. The meetings were quiet possibly because of tough economic times not only in the pork industry but in the beef and grains industry as well. Major topics discussed were a market outlook, the marketing board concept, stabilization and hog grading.

Board Concept and Meat Packing Involvement Discussed

At the 1981 series of country meetings the S.H.M.C. asked producers to consider two important questions—active producer participation in the meat packing industry and a proposed change to a marketing board which would allow producers to elect directors rather than having them appointed by the provincial government. The response in 1981 was a cautious "let us think about it" attitude. In 1982, the reaction was more specific—yes, we realize our futures are

bound to the future of the packing industry; yes, we realize a marketing board does not necessarily imply supply management; and yes, electing our own directors makes sense.

Producers Concerned About Stabilization

Many producers were concerned about stabilization with the consensus being that the Saskatchewan Hog Assured Returns Program was indeed a valuable assistance and probably no meaningful stabilization plan would be forthcoming from the federal government.

GRADING

As in past years there was considerable interest in the grading system. This year, interest centred particularly on the one backfat measurement system and a proposed Western settlement table. There was general agreement that if heavier hogs were desired, the heavy end of the settlement table would have to be modified.

Little Opposition to Rate Increases

Assembly and transportation and marketing levy increases received little criticism. Producers, faced with what must appear to be almost daily price increases, conceded that the first marketing levy increase since 1976 was really not much to complain about.

In Transit Insurance

The S.H.M.C. in transit insurance fund was able to effect two general premium reductions in 1982. The reductions were effective February 15, 1982 and May 31, 1982.

Saskatchewan Hog Marketing Commission "in transit" Insurance
Average Monthly Losses Per Thousand
January to December, 1982, 1981 and 1980

Month	1982	1981	1980
January	3.73	2.07	2.93
February	4.65	2.71	3.05
March	2.15	2.16	3.17
April	2.14	1.84	2.69
May	2.68	2.14	4.51
June	2.61	2.55	3.61
July	3.14	3.02	3.28
August	4.61	4.29	3.44
September	3.10	2.42	2.34
October	1.91	1.73	2.29
November	1.30	1.71	1.93
December	2.27	3.51	3.88
Average	**2.86**	**2.51**	**3.08**

Source: Saskatchewan Hog Marketing Commission.

Although in transit losses were up slightly in 1982, they were at an acceptable level and did not jeopardize the healthy financial condition of the insurance fund.

The S.H.M.C. began operating the insurance program September 10, 1977 and since that time it has achieved a continually improving performance record. Its success is attributed to ongoing producer education programs, improved assembly yard facilities, improved handling methods by truckers and a close monitoring of the insurance plan enabling the Commission to reduce marketing stress and thereby reduce losses.

CENTRAL ASSEMBLY YARDS

To offset escalating operating and trucking costs and reduced hog volumes, Central Yard rates were increased an average of 15 percent on February 15, 1982, and an additional 5 percent on December 31, 1982. Because of reduced hog volume, the North Battleford yard was cut back to one day assembly on April 15, 1982. When hog volume warrants, two day assembly will be reinstituted.

Volume through the Central Yard system dropped 15.21 percent reflecting declining production and a slight shift away from Central Yard usage.

S.H.M.C. CENTRAL YARD VOLUMES, 1982 COMPARED TO 1981

Yard	Days of Operation	Volume		% Change
		1982	1981	
Arborfield	Mon.-Tues.	14,462	17,094	- 15.40
Regina	Tues.-Wed.-Thur.	32,525	42,130	- 22.80
Melfort	Mon.-Tues.	25,617	29.970	- 14.52
Prince Albert	Wed.-Thur.	29,350	36,268	- 19.07
Whitewood	Tues.	11,696	14,600	- 19.89
Yorkton	Mon.	14,867	15,729	- 5.48
Moose Jaw	Thurs.	9,212	11,342	- 18.78
Maple Creek	Tues.	23,068	22.794	+ 1.20
Swift Current	Tues.-Wed.	34,911	47,828	- 27.01
N. Battleford	Wed.-Thurs.*	16,878	20,923	- 19.33
Lloydminster	Thurs.	8,904	8,998	- 1.04
Luseland	Tues.-Wed.	19,684	24,018	- 18.04
Redvers	Wed.	21,854	26,045	- 16.09
St. Gregor	Mon.-Thurs.	31,958	37,265	- 14.24
Totals		294,986	355,004	- 15.21 (ave.)

Source: Saskatchewan Hog Marketing Commission.

S.H.M.C. BOAR SALES, 1982
($/cwt, live)

Date Shipped		Boars Sold	Price
January	13	124	$28.69
February	17	179	26.25
April	14	104	36.17
May	12	160	43.27
June	16	174	42.14
August	09	309	44.04
September	08	146	43.89
October	13	196	40.01
November	17	213	36.75
December	15	161	40.00
Total Sold		1,775	$38.26 (average)
1981		1,513	$29.59 (average)
1980		1,143	$21.56 (average)

Source: Saskatchewan Hog Marketing Commission.

Sales through the S.H.M.C.'s boar marketing program increased 17.32 percent in 1982.

Because the program consistently pays higher prices and offers regular shipping days, the majority of Saskatchewan producers now include it as a regular part of their marketing schedule.

SIZE OF SASKATCHEWAN PRODUCTION UNITS
1982 compared to 1981

Number of hogs sold per year	Number of producers		
	1982	1981	% change
1 - 25	2,614	3,461	- 24.5
26 - 50	522	816	- 36.0
51 - 100	409	620	- 34.0
101 - 200	363	504	- 28.0
201 - 500	383	454	- 15.6
501 - 1,000	170	179	- 5.0
1,001 and over	113	116	- 2.6
Total	4,574	6,150	

Source: Saskatchewan Hog Marketing Commission.

There were 1,576 fewer active pork producers in Saskatchewan in 1982, a drop of 25.63 percent compared to a year earlier.

The trend to fewer but larger, more intensified pork production operations is continuing. This is a general agricultural trend which will contribute greatly to industry stability in the future.

SHARP

The Saskatchewan Hog Marketing Commission continued to administer the Saskatchewan Hog Assured Returns Program (SHARP) on a fee for service basis.

As at December 31, 1982, 2,193 producers were enrolled in SHARP with their combined production accounting for approximately 75 percent of total provincial production.

SHARP paid out $1,604,693.36 to participating producers in 1982. First quarter payments, however, accounted for approximately $1.5 million thus terminating an abnormally extended pay-out period. Hog prices in the second, third and fourth quarters were above the cost of production resulting in pay-in periods reducing the SHARP fund's indebtedness at year end to $5.2 million.

SHARP is automatically reviewed when premiums reach the maximum permitted level of 4.5 percent. This occurred on July 1, 1982 and a major review was underway at year end.

COMPARISON OF COST OF PRODUCTION UNDER SHARP, BY QUARTER, 1982 COMPARED TO (1981)
($/CWT, dressed, index 100)

Quarter	Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.
Cash Costs	55.58 (57.71)	55.57 (58.92)	54.92 (59.33)	52.37 (57.07)
Non-Cash Costs	26.95 (24.71)	28.03 (24.15)	28.69 (25.91)	29.00 (26.97)
Cost of Production	82.53 (84.42)	83.60 (83.07)	83.61 (85.24)	81.37 (84.04)
Support (floor price)	78.49 (78.71)	79.40 (79.45)	79.31 (81.35)	77.02 (79.99)
Average Hog Price	68.17 (61.39)	85.10 (63.96)	92.49 (76.78)	80.12 (67.41)

Source: Saskatchewan Hog Marketing Commission.

SASKATCHEWAN'S TOP-TWENTY COMMERCIAL PORK PRODUCERS

The five producers listed in each production category achieved the highest percentage of total marketings (excluding sows, stags, ridglings and condemned or dead hogs) indexing 102 or higher in 1982.

The S.H.M.C. congratulates the following for their excellent record of quality production:

Marketing Between 50 and 200 Hogs in 1982	% Indexing 102 or Higher
Garth Cunday, Wapella	100.0
Neil C. Kerslake, Peebles	98.3
Andre Perras, Montmartre	98.1
Gwen M. Peat, Loverna	97.4
Lorence J. Roth, Kipling	96.9

Marketing Between 201 and 500 Hogs in 1982

Henry Tranberg, Stockholm	99.5
Garry Thiessen, Maryfield	99.3
Kemp Brothers, Broadview	98.6
G. Russell Roberton, Kipling	98.6
Walter E. Wallis, Tisdale	97.7

Marketing Between 501 and 1,000 Hogs in 1982

Penner Brothers, Maryfield	99.3
Ivan Stomp, Broadview	97.9
Randell Thiessen, Maryfield	97.6
John A. Tieszen, Hepburn	97.2
Maple Creek Farm, Kipling	96.6

Marketing over 1,001 Hogs in 1982

Orval Stutt, Wawota	98.6
Menno P. Thiessen, Maryfield	98.4
Stevenson Farms Limited, Whitewood	98.0
West Bench Colony, Eastend	96.4
James R. Little, Mervin	95.3

Committee Reports

SASKATCHEWAN PORK PRODUCTION COMMITTEE

Members of the Saskatchewan Pork Production Committee in 1982 were:
Wayne Vermette (Chairman)..... Kyle
Richard Wright (Vice-Chairman)
..... Wawota
Herb Dunser..... Meadstead
Len Nordick..... Englefeld
Ben Gaudet ..... Bellevue
Florian Possberg ..... Burr
Ken Jamieson ..... Battleford

Veterinary Swine Specialist Dr. Al Theede and Provincial Swine Specialist Vern Racz, of Saskatchewan Agriculture, work closely with the Committee in an advisory capacity.

The Pork Production Committee's function is to provide practical, farm oriented ideas and advice on pork production research and programs. The Committee has one member on the Prairie Swine Centre Board of Directors providing producer input into research activities.

The Committee's major research project in 1982 was a study of the economics of raising hogs to heavier weights. The Committee sponsored Dr. Robert Blair of the Department of Animal and Poultry Science, University of Saskatchewan, to carry out the research at the Prairie Swine Centre. Dr. Blair concluded that raising hog to heavier weights is probably economically practical but is offset by the current hog settlement table which discounts hogs over 180 pounds, dressed.

Research currently being conducted at the Prairie Swine Centre includes:

- The relationship of biotin levels to reproduction
- Management for earlier breeding of gilts and productivity
- Feet and leg problems in sows and gilts
- Heat recovery systems and ventilation
- Solar energy as a heat source
- Effects of swine manure on cereal and forage yields
- Health management systems
- Grain protein ratios for pigs (economics of wheat in swine diets).

In addition to research, the Committee also sponsors and organizes swine production seminars, displays and meetings. The most successful of these was the Sixth Annual Swine Symposium held in November in Saskatoon. It was rated as one of the best in terms of attendance and content. Swine Design, a pork industry trade show sponsored by the PPC, is booked for March 30 and 31, Jubilee Building, Saskatoon. In June of 1982, the Committee assisted in sponsoring a swine AI course at the University of Saskatchewan. In addition, the PPC assisted a number of producer meetings dealing with production in various parts of the province.

In the area of producer information, the PPC sponsored Semi-Annual Sales Review was improved with the addition of a quarterly review of gradings by weight class. This feature enables producers to compare grading results under the two and one backfat measuring systems.

Another very gratifying ongoing PPC project is its involvement with the University Hospital Burn Unit. Three thousand dollars was donated to the unit in 1982 for the purchase of porcine skin used to treat burn victims. The money was raised through the sale of Saskatchewan Pork caps.

SASKATCHEWAN PORK COUNCIL

Members of the Saskatchewan Pork Council in 1982 were:
Claude McNichol (Chairman) ..... Nokomis
Lois Trowell ..... Govan
Cam Stanek ..... Rosetown
Martin Bohrson ..... Hanley

The Council undertook a number of promotional activities in 1982. The largest of these was the October "Have a Taste... Put Pork on Your Fork, Anytime" campaign. The campaign integrated radio, television, newspaper and billboard advertising with pork displays and specials by participating retailers. It was the second year of a two year campaign.

— A direct mail campaign during National Nutrition Month to update the medical profession, hospital dietary departments and nursing homes on the nutritional aspects of pork and pork's role in the food service industry.

— The Council participated with Canada Safeway stores throughout the province to present the "Take Home a Taste of Saskatchewan" program. Displays focussed on fresh pork and variety meats.

— The Council assisted the Saskatchewan Pork Pushers Association, a new pork promotion organization formed in March, 1982.

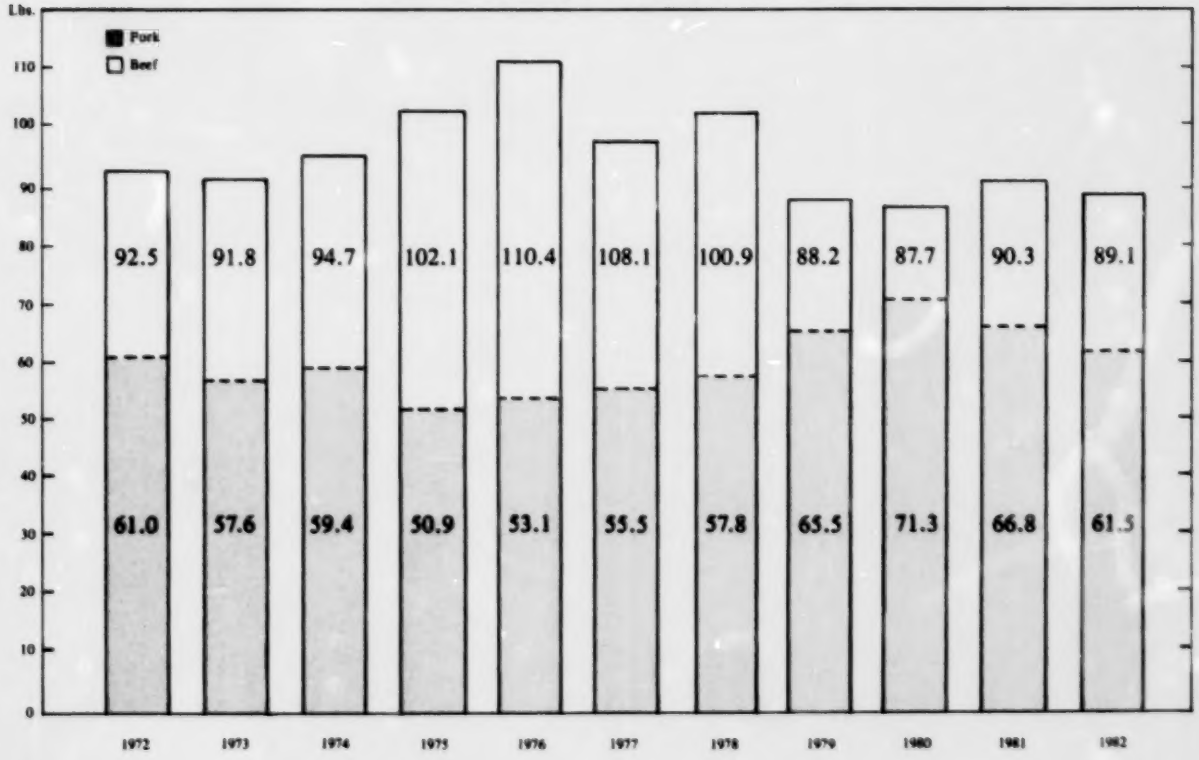
— The Council operated food booths at Swine Design, the Farm Progress Show and Agribition. In addition, the Council and the Egg Producers Board joined to operate the Chuckwagon Breakfast booth at Agribition.

The Council presented pork displays at the SHEA conference, Farm Progress Show and Mexabition as well as providing menu consultation for the Saskatchewan Swine Symposium.

Pork Report, a pork updater, is published five times a year and distributed to home economics teachers and related professionals. In addition, the Council provided recipes and articles for the Prairie Pork Promoter column in the Western Hog Journal. A number of new recipe booklets and pamphlets were also developed.

Linda Braun, who has served the pork industry well for a number of years, resigned in September. She has been replaced by Sharon McGillivray.

Per Capita Pork and Beef Consumption (Lbs.)
Canada — 1972-1982



Source: Meat Packers' Council of Canada.

AVERAGE MONTHLY HOG PRICES, 1982
DOLLARS PER HUNDREDWEIGHT, DRESSED, INDEX 100
(OMAHA—LIVE WEIGHT)

Month	Sask.	Alta.	Man.	Tor.	Omaha (live)
January	64.21	64.95	65.02	68.77	46.79
February	67.40	68.32	67.37	69.38	50.65
March	72.16	72.87	71.70	74.56	50.03
April	76.78	77.01	76.68	80.08	52.50
May	88.02	89.08	87.02	90.08	58.71
June	91.69	92.34	91.25	94.30	60.02
July	90.43	90.74	90.99	93.41	60.44
August	93.96	95.85	93.71	96.77	63.62
September	93.08	95.29	92.39	95.49	63.57
October	85.30	86.67	84.36	87.79	57.53
November	76.46	77.75	75.20	79.89	54.82
December	78.65	79.99	78.09	82.39	56.51
Averages	81.51	82.57	81.15	84.41	56.27

Source: Saskatchewan Hog Marketing Commission.
Note: Saskatchewan, Alberta, Manitoba—weighted average prices; Toronto, Omaha—simple average prices.

Saskatchewan Weekly Pool Prices and Marketings — 1982

(Market Hogs—$/CWT, dressed, index 100; Sows—$/CWT, dressed, No. 1, Heavy)

Week ending	Market Hog Pool Price	Sow Pool Price	Deliveries
Jan. - 08	60.68	42.40	12,556
Jan. - 15	62.74	44.40	13,396
Jan. - 22	65.09	44.80	12,089
Jan. - 29	68.63	44.85	12,095
Feb. - 05	65.80	45.45	13,195
Feb. - 12	67.01	48.05	11,669
Feb. - 19	68.03	48.50	12,574
Feb. - 26	68.75	49.05	12,884
Mar. - 05	70.81	48.05	11,841
Mar. - 12	71.68	48.40	12,808
Mar. - 19	71.72	50.00	12,589
Mar. - 26	73.20	51.45	13,694
Apr. - 02	73.69	53.80	12,276
Apr. - 09*	74.88	54.60	11,155
Apr. - 16	75.62	54.70	12,202
Apr. - 23	77.93	55.55	13,779
Apr. - 30	79.69	56.45	12,653
May - 07	84.06	57.40	12,056
May - 14	89.01	60.65	10,788
May - 21	90.15	66.50	12,918
May - 28*	88.55	69.40	10,499
Jun. - 04	90.60	69.95	11,837
Jun. - 11	91.84	70.25	11,485
Jun. - 18	92.46	70.10	11,534
Jun. - 25	92.06	72.90	12,079
Jul. - 02*	91.18	71.90	9,072
Jul. - 09	90.03	71.45	11,394
Jul. - 16	90.31	71.50	11,053
Jul. - 23	90.08	70.50	10,205
Jul. - 30	91.07	70.40	10,584
Aug. - 06*	90.96	70.35	9,901
Aug. - 13	92.86	70.90	10,448
Aug. - 20	95.33	74.25	11,012
Aug. 27	95.80	74.45	10,328

Sep. - 03	95.64	72.90	9,354
Sep. - 10*	95.08	72.30	9,367
Sep. - 17	93.51	72.35	9,867
Sep. - 24	90.80	70.70	10,209
Oct. - 01	92.23	71.95	10,571
Oct. - 08	90.02	71.00	11,458
Oct. - 15*	85.40	70.10	8,940
Oct. - 22	85.35	69.50	10,990
Oct. - 29	81.07	67.65	10,409
Nov. - 05	77.25	66.60	10,736
Nov. - 12*	74.30	65.10	8,387
Nov. - 19	75.20	65.00	10,800
Nov. - 26	77.00	65.35	9,935
Dec. - 03	79.74	65.45	10,432
Dec. - 10	80.59	64.60	10,043
Dec. - 17	79.21	62.00	12,029
Dec. - 24*	76.00	59.75	8,009
Dec. - 31	77.01	60.90	6,564
Average	81.51**	62.24	11,130***

* Denotes short market week due to holiday(s).

** Simple average of weighted monthly averages.

*** Average weekly marketings.

Source: Saskatchewan Hog Marketing Commission.

Saskatchewan
Hog Marketing Commission

FINANCIAL STATEMENTS

Year Ended December 31, 1982

OFFICE OF THE PROVINCIAL AUDITOR
REGINA, SASKATCHEWAN

Auditor's Report

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of the Saskatchewan Hog Marketing Commission as at December 31, 1982 and the operating fund statement of revenue and expenditure, the market development fund statement of revenue and expenditure and fund equity, the operating fund statement of unappropriated surplus and the operating fund statement of reserves all for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1982 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan,
June 30, 1983.

W. G. Lutz, F.C.A.,
Provincial Auditor.

SASKATCHEWAN HOG MARKETING COMMISSION
BALANCE SHEET
December 31, 1982

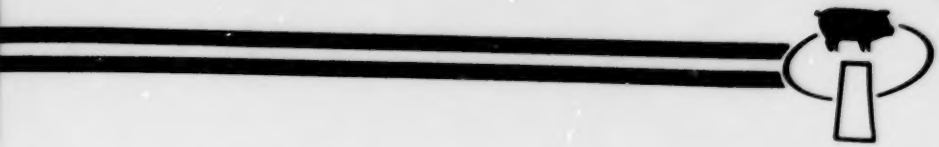
(with comparative figures at December 31, 1981)

Assets	1982	1981	Liabilities and Equity	1982	1981
Operating Fund					
Current			Current		
Cash in bank and term deposits	$1,797,842	$1,700,550	Accounts payable—trade	$ 71,063	$ 74,026
Accounts receivable and accrued interest	148,848	88,154	—Saskatchewan Agricultural Returns Stabilization Fund	247,370	136,182
Prepaid expenses	56,361	37,155	Due to other funds	1,069,736	1,152,178
	2,003,051	1,825,859		1,388,169	1,362,386
Fixed assets (Note 3)	571,388	598,154	Equity		
			Unappropriated surplus (Statement 4)	942,199	911,627
			Reserves (Statement 5) (Notes 5 & 6)	244,071	150,000
				1,186,270	1,061,627
	$2,574,439	$2,424,013		$2,574,439	$2,424,013
Producers' Trust Fund					
Cash in bank and term deposits	$ 353,526	$ 570,596	Outstanding cheques	1,121,337	$1,363,180
Accounts receivable	601,734	675,557	Accounts payable	870,444	973,525
Due from operating fund	1,036,521	1,090,552			
	$1,991,781	$2,336,705		$1,991,781	$2,336,705
Market Development Fund					
Term deposit	$ 346,145	$ 292,702	Fund equity (Statement 3)	$ 383,307	$ 358,368
Accrued interest	3,947	4,040			
Due from operating fund	33,215	61,626			
	$ 383,307	$ 358,368		$ 383,307	$ 358,368

(See accompanying notes to the financial statements)

SASKATCHEWAN HOG MARKETING COMMISSION
OPERATING FUND
STATEMENT OF REVENUE AND EXPENDITURE
Year Ended December 31, 1982
(with comparative figures for the 1981 year)

	1982	1981
Revenue:		
Marketing levies (net of direct expenses—Note 4) ..	$481,486	$339,535
Buyer fees and licenses	1,800	1,990
Province of Saskatchewan grants—production committee	50,000	37,500
Excess of revenue over expenditure (expenditure over revenue)—central yard operations (Schedule 1)	63,425	(3,933)
Excess of revenue over expenditure—transit insurance operations (Schedule 2)	31,592	72,714
Interest	265,820	343,116
SHARP administration revenue	36,855	22,408
Sundry	25,982	20,858
Sale of fixed assets (net gain)	—	599
Export revenue	36,426	—
Total revenue	993,386	834,787



Expenditure:	1982	1981
Administration and office		
Advertising and producer information	$ 14,548	$ 22,373
Automobile and travel	18,256	16,766
Building rent and maintenance	41,934	38,653
Commissioners' expense	28,697	37,258
Communications	56,670	55,371
Computer services, equipment rental and maintenance	78,053	65,931
Depreciation and amortization	14,235	12,928
Printing, postage and stationery	41,936	40,379
Professional services	80	373
Salaries and employee benefits	352,975	328,428
Sundry	35,791	34,319
	683,175	652,779
Other		
Production committee expense	65,170	39,401
Canada Pork Council fees	14,889	13,915
Grants	21,068	12,607
Saskatchewan Pork Council	84,441	52,997
	185,568	118,920
Total expenditure	868,743	771,699
Excess of revenue over expenditure—to Statement 4..	$124,643	$ 63,088

(See accompanying notes to the financial statements)

SASKATCHEWAN HOG MARKETING COMMISSION
MARKET DEVELOPMENT FUND
STATEMENT OF REVENUE AND EXPENDITURE AND FUND EQUITY
Year Ended December 31, 1982
(with comparative figures for the 1981 year)

	1982	1981
Revenue:		
Interest	$ 46,408	$ 43,386
Expenditure:		
Travel	8,356	11,463
Other	13,113	2,365
	21,469	13,828
Excess of revenue over expenditure (expenditure over revenue)	24,939	29,558
Fund equity, beginning of year	358,368	328,810
Fund equity, end of year	$383,307	$358,368

(See accompanying notes to the financial statements)

Statement 4

SASKATCHEWAN HOG MARKETING COMMISSION
OPERATING FUND
STATEMENT OF UNAPPROPRIATED SURPLUS
Year Ended December 31, 1982
(with comparative figures for the 1981 year)

	1982	1981
Balance, beginning of year	$911,627	$993,815
Add:		
Transfer from research and development reserve	—	4,724
Excess of revenue over expenditure for the year (Statement 2)	124,643	63,088
Less:		
Transfer to Building reserve	—	150,000
Transfer to Low Market Sinking Fund reserve	94,071	—
Balance, end of year—to Statement 1	$942,199	$911,627

Statement 5

SASKATCHEWAN HOG MARKETING COMMISSION
OPERATING FUND
STATEMENT OF RESERVES
Year Ended December 31, 1982
(with comparative figures for the 1981 year)

	1982	1981
Low Market Sinking Fund Reserve		
Balance, beginning of year	$ —	$ —
Transfer from unappropriated surplus (Note 5)	94,071	—
Balance, end of year	94,071	—
Building		
Balance, beginning of year	150,000	—
Transfer from unappropriated surplus (Note 6)	—	150,000
Balance, end of year	150,000	150,000
Total reserves, end of year—to Statement 1	$244,071	$150,000

(See accompanying notes to the financial statements)

SASKATCHEWAN HOG MARKETING COMMISSION
NOTES TO FINANCIAL STATEMENTS
December 31, 1982

1. Significant Accounting Policies

a) Fixed assets are recorded at cost and depreciated on a straight line basis, commencing in the year in which the assets are placed in service, at rates which are expected to amortize the cost over the service life of each asset. Leasehold improvements are recorded at cost and amortized over the remaining life of the lease.

b) The Trust Fund has been set up to account for receipts from packers on account of hog purchases by the packers from producers and for making payment to producers, truckers, and assemblers. Balances in the Trust Fund, representing the Commission's earnings, are transferred each month to the Operating Fund.

c) In 1973 the Saskatchewan Hog Marketing Commission received, by way of legislative appropriation, an amount of $400,000, from the Department of Agriculture for the purpose of assisting the Commission in the promotion and development of export markets for Saskatchewan pork and pork products. To account for this grant a separate fund entitled "The Market Development Fund" was created.

d) Effective in early September, 1977, a program of self insurance was initiated with respect to the transportation of hogs. In accordance with this program the Commission receives premiums from the producers and makes payments in settlement of claims resulting from the loss of hogs in transit.

2. Authority

The Saskatchewan Hog Marketing Commission was established by O.C. 1676/72 under section 22 of The Natural Products Marketing Act.

3. Fixed Assets

	1982			1981
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Buildings	$504,178	$ 75,358	$428,820	$418,795
Furniture and office equipment	117,650	70,385	47,265	57,336
Equipment	120,433	69,339	51,094	75,229
Leasehold improvements	35,197	20,270	14,927	17,512
Land	29,282	—	29,282	29,282
Total	$806,740	$235,352	$571,388	$598,154

4. Marketing Levy

Marketing levies of eighty cents per hog were allocated up to February 14, 1982 in the following manner:

Operating Fund	50¢/hog
Central yard operations	30¢/hog

Subsequent to February 14, 1982, marketing levies of .9% of the gross value of each hog were allocated in the following manner:

Operating Fund	50/80 per hog
Central yard operations	30/80 per hog

Operating fund levies have been disclosed net of direct expenses which amounted to $8,612 for 1982 and $11,465 for 1981. The direct expenses include delivery charges and packer service.

5. Low Market Sinking Fund Reserve

This reserve was established in 1982 by an appropriation of surplus from the operating fund unappropriated surplus. The purpose is to supplement operating revenues in times when the market prices for hogs are low.

6. Building Reserve

This reserve was established in 1981 by an appropriation of surplus resulting from transit insurance surpluses. The purpose is to assist in financing the construction of assembly yards or a head office for the Commission in the future.

7. Commitments

The Commission is committed to annual lease payments of $30,353 per annum for office premises and equipment through to the end of the first quarter of 1986.

8. Comparative Figures

Certain of the 1981 comparative figures have been changed to conform with the current year's presentation.

Schedule 1

SASKATCHEWAN HOG MARKETING COMMISSION
OPERATING FUND
SCHEDULE OF CENTRAL YARD REVENUE AND EXPENDITURE
Year Ended December 31, 1982
(with comparative figures for the 1981 year)

	1982	1981
Revenue:		
Marketing levies	$294,059	$210,747
Trucking and assembly	592,334	604,938
Other	48,789	66,894
	935,182	882,579
Expenditure:		
Depreciation and amortization	50,623	48,323
Salaries and employee benefits	51,367	44,766
Trucking	599,590	612,210
Yard rentals	116,280	115,677
Other	53,897	65,536
	871,757	886,512
Excess of revenue over expenditure (expenditure over revenue)—to Statement 2	$ 63,425	$ (3,933)

Schedule 2

SASKATCHEWAN HOG MARKETING COMMISSION
OPERATING FUND
SCHEDULE OF TRANSIT INSURANCE REVENUE AND EXPENDITURE
Year Ended December 31, 1982
(with comparative figures for the 1981 year)

	1982	1981
Revenue:		
Premiums earned	$305,392	$297,345
Expenditure:		
Claims incurred	250,118	204,632
Salaries	21,000	18,000
Other	2,682	1,999
	273,800	224,631
Excess of revenue over expenditure—to Statement 2	$ 31,592	$ 72,714

POOR

QUALITY

ORIGINAL